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PUBLIC UTILITIES
COMMISSION

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
Kekuanaoa Building, 1st Floor
465 South King Street
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 2008-0083 – Hawaiian Electric 2009 Test Year Rate Case
Additional Schedule Resulting from Interim Decision and Order

On July 8, 2009, Hawaiian Electric Company, Inc. ("Company") filed revised schedules and explanations of certain adjustments to the Company's 2009 test year estimates, as required in Sections II.1. and II.2. of the *Interim Decision and Order* issued July 2, 2009 in this proceeding. In its filing, the Company inadvertently omitted the explanation of adjustments relating to accumulated deferred income taxes associated with the Campbell Industrial Park Combustion Turbine Unit.

Enclosed for filing are page 9.1 of Exhibit 3 and HECO T-16 Attachment 1, which should be included as part of the July 8th filing. The Company apologizes for any inconvenience.

Very truly yours,

Enclosures

cc: Division of Consumer Advocacy
Department of Defense

d. Accumulated Deferred Tax (ADIT)

In the ID&O, the Commission determined, in part, that interim rates should reflect an adjustment to exclude any costs or rate base additions associated with the Campbell Industrial Park Combustion Turbine Unit ("CT-1").

The testimony and exhibits as revised for the Rate Case Update in HECO T-16, the Stipulated Settlement Letter Exhibit 1, page 73, and the Statement of Probable Entitlement supported the test year estimates of the accumulated deferred income taxes ("ADIT") associated with CT-1. This estimate essentially represents the tax effect of the first year MACRS depreciation and the bonus depreciation (federal only) on the tax basis of CT-1. The book depreciation on CT-1 was not a book tax difference for the test year since book depreciation begins in the year subsequent to the year an asset is placed into service.

CT-1 costs also include AFUDC equity tax gross up, which is booked to the regulatory asset account, CWIP equity ongoing (#18673400). This cost is entirely offset by the ADIT provided on the AFUDC equity. Consequently, the two items net to zero and they have no net impact, whether CT-1 is included or excluded from rate base.

The total ADIT associated with CT-1 is calculated to be \$4,518,000 and the impact on average rate base is \$2,259,000 in the 2009 test year. The exclusion of the ADIT associated with CT-1 has the effect of decreasing ADIT (increasing rate base), as shown in column (2) in the table below.

(In thous \$)	(1) Probable Entitlement	(2) Adjust CT-1 Removal	(3) ADIT Interim Adjustment
Beginning Balance	132,510		132,510
Ending Balance	156,551	(4,518)	152,033
Average Balance	144,531	(2,259)	142,272

Reference:

Col. (1): Stipulated Settlement Letter, Exhibit 1, page 73.

Col. (2): See HECO T-16 Attachment 1, attached hereto.

Pursuant to the Commission's determination, the Company has excluded this ADIT from rate base in calculating the revenue requirements for purposes of the 2009 test year interim rate relief.

HECO
CIP CT-1 Deferred Taxes
2009 Test Year

	NOTE A	NOTE B	NOTE A		2009	CIP CT1
	Book Basis	Adjustment for AFUDC and TCI	Tax Basis	Bonus Depr.	Total CIP CT1 FEDERAL Tax Depreciation	FEDERAL ADIT EOY
Land	6,119,685		6,119,685			
15 Year Property	149,600,632	2,327,598	147,273,034	2,895,444	10,114,324	3,384,986
20 Year Property	6,679,484	103,924	6,575,560	1,763,187	1,943,651	675,087
Total (excludes 2010 adds)	162,399,801	2,431,522	159,968,279	4,658,631	12,057,975	4,060,073
Calculation of state tax depreciation					STATE Tax Depreciation	STATE ADIT EOY
15 Year Property			147,273,034	-	7,363,652	442,926
20 Year Property			6,575,560	-	246,584	14,832
Total End of Year ADIT Balance			153,848,594	-	7,610,236	457,759
						<u>4,517,831</u>

NOTE A> HECO T-16, Attachment 1C Final Settlement:
Total Project Cost (2008-2010) 162,449,801
Less: 2010 additions -50,000
162,399,801

HECO T-16, Attachment 1C Final Settlement:
Plant Add Qualified for Bonus Depm 9,317,261
50%
4,658,631

NOTE B> Estimated AFUDC incurred 11,894,388 see CA-IR-250
TCI ratio 0.795574
TCI incurred 9,462,866
AFUDC/TCI difference 2,431,522